BOOK REVIEWS

Peruvian Democracy Under Economic Stress: An Account of the Belaunde Administration, 1963-1968. By Pedro-Pablo Kuczynski, Princeton: Princeton University Press, 1977, $16.50.

With almost ten years of perspective from the end of Belaunde's term as President of Peru, it is not too soon to examine Peru's five, almost forgotten, years of democracy and the economic problems which tested that democratic regime to its breaking point. For such an examination we now have the record of Pedro-Pablo Kuczynski, who served during the Belaunde years as an Executive Director in the Central Reserve Bank, and who, by all accounts, seems to have maintained as much objectivity as could be expected of anyone so close to the events of the time.

Kuczynski's years at the Central Bank provide the unique viewpoint for his narrative, which unfolds almost like a drama after the first two chapters set the scene with descriptions of Peru's geographic, economic, and social resources, and introductions of the leading characters. In addition to numerous footnotes containing interesting anecdotes and occasional touches of humor, the story is illustrated by charts and tables and supplemented by a brief appendix highlighting Peru's national accounts for the period under study.

Belaunde, Peru's only democratically elected civilian President of the last fifteen years, was an architect by profession. He had both a vision to change the physical surface and social fabric of Peru and the charisma to command votes. His oratory was famous throughout Latin America, and he authored several books which articulated his goals for the Peruvian nation. Moreover, Belaunde had traveled extensively throughout his country, in some cases on horseback and by foot, to carry his vision to all the people.

Building upon ancient Inca tradition for carrying out public works projects with minimum cash outlay and maximum labor input, he formulated and

carried out a development program called *Cooperaciõn Popular.* He advocated participation by all Peruvians in the political process, which, until his time, was largely dominated by Lima-based families, political parties, newspapers, and other institutions. He undertook several public works, land reform, and peasant aid programs. But the mounting costs of these projects and other problems, which would eventually topple his government, soon became apparent. The opposition-controlled Congress would not authorize the tax reforms and increases necessary to pay for Belaunde's programs, although Kuczynski argues that Peru's taxes were, at the time, not heavy by world standards.

Belaunde, apparently lacking a good understanding of economics, did nevertheless select competent economic advisors. Peru enjoyed a favorable balance of payments from expansion of its copper and fishmeal industries. The country was highly regarded by the world's private commercial bankers and the International Monetary Fund, which lent ample funds without onerous conditions. But copper prices fluctuated, fishing currents changed, and Peru began paying commercial rates for loans it could not afford. Peru could not obtain low interest loans from the United States Agency for International Development because of a longstanding dispute with International Petroleum Corporation, a subsidiary of Exxon.

The politics of opposition in Peru's Congress worked to defeat almost every piece of legislation set before it by the Belaunde Administration. The goal was apparently to discredit Belaunde at every opportunity while awaiting an opportunity to improve opposition positions in the next election. Only in the last months of the Belaunde government, when a coup seemed imminent, did the opposition relent, allowing a flurry of much needed legislation to take effect without specific Congressional approval under terms of an arrangement known as "executive authority." The outlook appeared brighter after a successful devaluation, increased tax revenues, and a promise of USAID funds after a settlement with IPC. That settlement proved to be the downfall of Belaunde. Amid criticism that the settlement was not in the best interests of Peru, the military, headed by General Juan Velasco Alvarado overthrew the government on October 3, 1968.

While Kuczynski is writing about politics and economics in his country, his book should be valuable not only to those interested in Peru, but also to economic planners, commercial and investment bankers, businessmen, lawyers with international client interests, and academics. But the book may also be valuable to Peru itself, where democracy again may reappear based upon the experience gained from the Belaunde years and with the greater maturity of various groups and institutions within the country. Many factors needed for a democracy, including freedom of public expression and open debate, were well-developed, the author concludes: "But the experience of Peru with a medium of democracy was so limited that powerful forces in the country such as

some business groups, the majority in Congress, and also the President's own party, did not know how to refrain from abusing the power and freedom they enjoyed."

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Essays in Understanding Latin America. By Kalman H. Silvert, Philadelphia: Institute for the Study of Human Issues, 1977, pp. 240, $15.95.

A more appropriate title for this book might be *Essays in Understanding a Latin Americanist.* Organizationally, it is a sampling of the late Professor Silvert's work spanning the period from 1966 to 1976 and addressing a variety of practical and philosophical issues. Stylistically, the prose is comfortably informal, often rambling, and at times unabashedly personal. Substantively, these diverse and discursive essays are bound together by the threads of Silvert's normative theory of politics which offers a striking contrast to a generation of sterile behavioralist literature.

The unacquainted reader should begin by reading both the introductory and concluding essays in which Silvert defines his analytical concepts, traces his philosophical lineage, and summarizes his basic concerns. The core of the book consists of thirteen essays arranged in four sections, each purportedly addressing a different theme. There is considerable overlap, however. These themes may be posed as questions. First, what is the best form of polity and what are its roots? Second, what are the prospects for the development of such polities in Latin America? Third, what is the proper role of social science in the scheme of Latin American development? Fourth, what is the proper US policy toward Latin America?

Rationality is a key concept for Silvert. He explicitly rejects the utilitarian or economic connotation of rationality as narrow self-interest in favor of Weber's sociological connotation which includes secularism, openness to diversity and change, and an identity unconstrained by parochial caste or class interests. On the level of the individual, rationality so defined entails awareness of, and the capacity to make, choices. In the neo-Kantian tradition, rationality is the essence of freedom, of the "personal creation of meaning," of individual "self-realization." Rational man turns idea into reality and shapes his destiny. This abiding faith in the human will is central to Silvert's normative theory of politics.

On a social level, rationality links two other key concepts: the political

community, or nation, and the political institution, or state. By allowing equal access to all social and political institutions, the liberal participatory state facilitates the exercise of choice in matters which relate to the welfare of society as a whole. Silvert shares Rousseau's optimism that the process of free political participation, and especially discussion, will reveal the common good and teach civic virtue. That is to say, the rationality of the body politic will grow as narrow interests and parochial values are transcended. In this way, social cleavages decay and a true nation emerges. Nationhood, in turn, is required for the "consensual acceptance of public authority" (p. 49) which gives the democratic state the stability and continuity it needs to effectively pursue national development and provide the institutional context for individual "self-realization." Synthesizing modern epiphenomenalism and classical liberalism, Silvert thus makes the case that the ideal polity is one which facilitates the "process of the contained use of reason operating through accountable institutions. That is the functional definition of democracy" (p. 12).

The abstract harmony of this theory is shattered once the Latin American situation is considered. Latin America seems particularly plagued by "unreasonable" dictatorships and "partial nations" rent by class and value differences. Ever the skeptic of behavioralist determinism, the author harbors no illusions *a la* Alliance for Progress that democracy will automatically flow from national development and integration. As Silvert constantly reminds us, the modern nation is also an essential precondition for totalitarianism. But if the people can build their nation, then a necessary, though not sufficient, condition for the democratic state will be satisfied.

The problem of Latin American democracy therefore reduces to the problem of nationhood, and more precisely, to factors which strengthen rationality and civic virtue in the absence of accountable and egalitarian institutions. The reader must comb the essays to discover Silvert's recommendations regarding indigenous solutions and the results are less than satisfying. For the most part, he relies on expected gains from "modernization." But he also looks to education and staunchly defends free market mechanisms to increase choice, facilitate social interaction, and cultivate modern views. It remains an open question whether national integration will lead to democratization. Silvert makes the bold assertion that democracy is a fundamental value in Latin American culture. But this view flies in the face of current theories of corporativist politics based on deeply embedded authoritarian values and institutions inherited from the region's Hispanic tradition.

In considering the proper role of the social scientist Silvert begins with the irrefutable premise that similar attitudes of relativism, rationality, and meritocracy are necessary for both democracy and competent scientific endeavor. Democratic institutions, moreover, are the best guarantee of academic freedom. Therefore, "professional and social integrity are goals to be simultaneously pursued" (p. 129). This would suggest an activist role for social scientists

of a democratic bent in non-democratic societies. But Silvert criticizes his Latin American counterparts for their political activities. The scientist must draw a line between roles; ". . . as scholar, he must be bound by as few policy investments as possible, and as citizen he must strive for the social climate of freedom that permits science to flourish" (p. 140).

The line he draws between roles is, in practice, a fine and subjective one. Is the professional integrity of an economist damaged more by his position "as scholar" in the development ministry of an authoritarian regime, than by his highly visible protests in the streets "as citizen" against the regime? Silvert would respond in the affirmative because of the special interdependence of democracy and scientific enterprise. Others might argue, however, that any form of overt political expression compromises research. Without denying the importance of such ethical issues, we may nonetheless ask whether Latin American scholars of good will can afford the luxury of debate. They may decide that they can most directly and effectively deal with the urgent social and economic problems of their fellow countrymen by accepting positions within the regimes. Surely the humanist in Silvert would understand.

Turning to his fourth theme Silvert recommends that the primary objective of US policy toward Latin America be "to further the essential precondition for democracy, which is the formation of responsible national community" (p. 181). This may be most unobtrusively pursued through multilateral aid and finance channels. On the question of democracy itself, the author's prescriptions are vague and passive. Ruling out all covert and overt military or economic intervention, he stresses the power of the US as a noble if imperfect symbol of the common "Western Hemisphere Idea" of republicanism, egalitarianism, capitalism, and social welfare. The US should support by modest diplomatic and economic means those Latin American countries which aspire to that idea, but it should do no more than withdraw such support from countries which reject the idea. What appears to be a sudden complacency toward democracy may be more rightly understood as Silvert's realization that past US efforts to influence Latin American politics have not succeeded in bringing about democracy and, as often as not, have undermined them. Latin Americans must be left free to choose for themselves.

Comparative political scientists who fancy themselves "modern" will find some concrete debating points dispersed through this volume, such as the behavioral effects of class and cultural cleavages, the relative stability of democracies and mobilization systems in developing societies, and processes of attitudinal change in the rural sector. To pick on such narrow points, however, would be to demean the life and thought of Kalman Silvert who believed that what really matters in politics is not facts, reality, and the human condition, but values, possibilities, and the human will.

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